

Program B: Loan Operations**OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2002-2003. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicators are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year of the budget document.

The objectives and performance indicators that appear below are associated with program funding in the Base Executive Budget for FY 2002-2003. Specific information on program funding is presented in the financial section.

DEPARTMENT ID: 19B - Special Schools and Commissions

AGENCY ID: 19-661 Office of Student Financial Assistance

PROGRAM ID: Program B: Loan Operations

1. (KEY) To maintain a minimum reserve ratio that is not less than the minimum federal requirement of .25%

Strategic Link: This objective ties to OSFA Strategic Plan Objective I.2 in the Loan Operations Program.

Louisiana: Vision 2020 Link: This objective ties to Vision 2020 Objective 1.8.

Children's Cabinet Link: Not Applicable

Other Link(s): Not Applicable

Explanatory Note: The minimum reserve ratio is the reserves to original principal outstanding.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Reserve ratio - reserve balance/loans outstanding	0.73%	0.78% ¹	0.93% ¹	0.93% ¹	0.79%	0.79%
K	Reserve fund cash balance (in millions)	\$12.2	\$15.3 ²	\$14.4 ²	\$14.4 ²	\$13.5	\$13.5
K	Loans outstanding (in billions)	\$1.7	\$1.3 ³	\$1.6 ³	\$1.6 ³	\$1.7	\$1.7

¹ OSFA indicates that it has no control over when the United States Department of Education (USDE) remits reimbursements and fees due. Timing of cash flow is affected by USDE payments of administrative fees and reimbursement of default claims paid. Although the FY 2001-2002 performance standard is 0.93%, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipated that the yearend figure will be .70%.

² OSFA indicates that it has no control over when the United States Department of Education (USDE) remits reimbursements and fees due. Timing of cash flow is affected by USDE payments of administrative fees and reimbursement of default claims paid. Although the FY 2001-2002 performance standard is \$14.4 million, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipated that the yearend figure will be \$10.8 million.

³ OSFA indicates that factors not under OSFA's control, such as cancellations, paid in fulls, and consolidations, affect this calculation. Although the FY 2001-2002 performance standard is \$1.6 billion, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipated that the yearend figure will be \$1.5 billion.

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2. (KEY) To ensure defaults paid are less than 5% (annual default rate) of loans in repayment at the end of each fiscal year.

Strategic Link: This objective ties to OSFA Strategic Plan Objective I.1, in the Loans Operations Program.

Louisiana: Vision 2020 Link: This objective ties to Vision 2020 Objective 1.8.

Children's Cabinet Link: Not Applicable

Other Link(s): Not Applicable

Explanatory Note: Annual default rate is computed by dividing annual defaults paid by loans in repayment at the end of the prior federal fiscal year. Annual default rate below 5% insures OSFA the maximum reimbursement (reinsurance) from the U.S. Department of Education (USDE) for loans paid in default.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
s	Defaults averted rate	88%	85% ¹	92% ²	92% ²	92%	92%
K	Annual default rate	3.9%	2.7% ¹	2.4% ³	2.4% ³	3.3%	3.3%
S	Number of Lender's Requests for Assistance (LRA's) accepted	48,164	45,739	49,359 ⁴	49,359 ⁴	67,864	49,998
S	Number of Lender's Requests for Assistance (LRA's) averted	42,384	38,758	45,411 ⁵	45,411 ⁵	62,434	45,998
S	Annual default claims paid (in millions)	\$30.3	\$22.8 ¹	\$21.2 ⁶	\$21.2 ⁶	\$32.4	\$32.4
S	Loans in repayment (in millions) ⁷	\$778.6	\$778.6	\$876.5 ⁷	\$876.5 ⁷	\$991.5	\$991.5

¹ Changes in federal regulations increased the default aversion workload, resulting in lowered aversion rates and increased defaults.

² Although the FY 2001-2002 performance standard is 92%, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be 91%.

³ Although the FY 2001-2002 performance standard is 2.4%, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be 3.1%.

⁴ Although the FY 2001-2002 performance standard is 49,359, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be 47,617.

⁵ Although the FY 2001-2002 performance standard is 45,411, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be 43,331.

⁶ Although the FY 2001-2002 performance standard is \$21.2 million, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be \$36.9 million.

⁷ The figure represents the total loans in repayment at the end of the prior federal fiscal year. Although the FY 2001-2002 performance standard is \$876.5 million, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be \$898.9 million.

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3. (KEY) To achieve a cumulative recovery rate on defaulted Federal Family Education Loans of 73.5% by June 30, 2003.

Strategic Link: This objective is an incremental step toward accomplishing OSFA Strategic Objective II.2 in the Loan Operations Program.

Louisiana: *Vision 2020 Link:* This objective ties with Vision 2020 Objective 1.8.

Children's Cabinet Link: Not Applicable

Other Link(s): Not Applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Cumulative default recovery rate ¹	Not Applicable ²	66.0%	Not Applicable ²	69.0% ²	73.5%	73.5%
S	Cumulative defaults recovered (in millions) ²	Not Applicable ²	\$219.6	Not Applicable ²	\$247.6 ^{2,3}	\$281.4	\$281.4
S	Cumulative defaulted loans purchased (in millions)	Not Applicable ²	\$332.8	Not Applicable ²	\$358.9 ^{2,4}	\$382.8	\$382.8

¹ Cumulative default recovery rate is calculated by dividing cumulative recoveries on defaulted loans by cumulative dollars paid to purchase defaulted loans from lenders.² This indicator was added by August 15 Performance Standard Adjustment for FY 2001-2002 and therefore has an existing performance standard for FY 2001-2002. It does not have a performance standard for FY 2000-2001 or an initial (Act 12) performance standard for FY 2001-2002.³ Although the FY 2001-2002 performance standard is \$247.6 million, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be \$253.5 million.⁴ Although the FY 2001-2002 performance standard is \$358.9 million, the agency indicated in its FY 2001-2002 Second Quarter Performance Progress Report that it anticipates the yearend figure will be \$364.5 million.¹ This indicator was previously reported as "Cumulative defaulted loans (in millions)." The name has been changed by the agency.² This indicator was previously reported as "Cumulative default recoveries (in millions)." The name has been changed by the agency.

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GENERAL PERFORMANCE INFORMATION: OFFICE OF STUDENT FINANCIAL ASSISTANCE'S (OSFA) SHARE OF TOTAL FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM (FFELP) VOLUME GUARANTEED IN LOUISIANA'S COLLEGES AND UNIVERSITIES					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ESTIMATE FY 2000-01
Total state's student loan volume from Louisiana schools participating in FFELP	\$463,649,194 ¹	\$533,001,457 ²	\$544,536,651 ²	\$579,673,568 ²	\$606,397,140 ^{2,3}
Total FFELP loan volume guaranteed by OSFA	\$224,466,739 ¹	\$188,922,468 ²	\$189,214,245 ²	\$214,640,054 ²	\$254,686,799 ^{2,3}
Percentage of loan volume for Louisiana colleges and universities participating in Federal Family Education	48.4% ¹	35.4% ²	34.7% ²	37.0% ²	42.0% ^{2,3}

¹ FY 1996-1997 information reflects FFELP loan volume guaranteed for students attending Louisiana's public colleges and universities.

² FY 1997-1998 through FY 2000-2001 volumes reflect total FFELP loans guaranteed in both public and private colleges and universities in Louisiana. The actual information is compiled by U.S. Department of Education (USDE).

³ FY 2000-2001 data will not be available from USDE until March or April of 2002. The numbers reported are estimates.

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GENERAL PERFORMANCE INFORMATION: OFFICE OF STUDENT FINANCIAL ASSISTANCE (OSFA) CUMULATIVE DEFAULT RECOVERY INFORMATION					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ACTUAL FY 2000-01
Cumulative default recovery rate	45.7%	49.3%	56.5%	62.5%	66.0%
Cumulative defaults recovered (in millions)	\$19.0	\$139.0	\$170.0	\$198.0	\$219.6
Cumulative default loans purchased (in millions)	\$261.0	\$282.0	\$300.0	\$316.0	\$332.8
Annual recoveries of defaulted loans (in millions)	\$17.0	\$20.0	\$31.0	\$28.0	\$22.0